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Funding Sources
Announcement & Agenda

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Loan Interests

State Budget Signed

Bob Ramharter

With the Governor's signing of the state budget bill, funding levels for Environmental Improvement Fund (EIF) loan programs for the 2003-2005 biennium are now established.

Following is a summary of the budget bill's impact on the three EIF loan programs:

Clean Water Fund Program (CWFP)

Sufficient funding was authorized to fund about \$377.6 million in wastewater treatment construction costs. This should be enough to meet all of the expected demand for CWFP loans for the biennium.

The budget also authorized \$13.5 million of Present Value Subsidy authority (PV) for the Hardship Program. The Hardship Program is a subset of the CWFP that provides extra assistance to low-income communities. PV is a financial control mechanism that measures the cost to the state of providing financial assistance. The \$13.5 million of PV authority should fund between about \$21 - \$67 million in Hardship-eligible projects over the biennium.

Since the budget provided adequate funding for the CWFP, we will accept loan applications for the regular program on a continuous basis for both years of the biennium. Hardship applications will continue to be due on June 30 of each year.

Safe Drinking Water Loan Program

The budget bill provides enough PV authority for us to fully utilize the federal capitalization grants and the state matches. Consequently, we expect to be able to fund about \$63.8 million in drinking water projects over the next two fiscal years.

Applications for loans from the Safe Drinking Water Loan Program will continue to be due on April 30 of each year.

Land Recycling Loan Program

Although the budget bill did provide enough PV authority to spend the currently remaining funds in the program, it did not provide any additional funding. About \$10 million in funds from previous years remain unexpended, although the EIF has tentatively allocated all of these funds to projects. The actual amount of funding available for the biennium will depend on how many of these projects proceed to close on their loans. ☐

Funding Sources Workshop

Jerry Wilson

If you have funding questions, join representatives of the Water and Wastewater Funding Sources Committee in Plover, Wisconsin, on November 6, 2003, for the 12th annual Water & Wastewater Funding Sources Workshop. The half-day workshop addresses funding alternatives for drinking water and wastewater projects

and provides updates from the various programs represented. DNR representatives will be sharing information on future regulation changes for drinking water and wastewater. See the attached workshop announcement for further details, including a list of committee member agencies. Representatives of the various funding agencies will be available after the workshop to answer questions and discuss specific projects.

Can't get to Plover? The Funding Sources Committee will also be holding an evening session attempting to reach out to town and village officials that are normally not available to attend daytime sessions. The date and location for this evening session will be announced in the next Loan Interests Newsletter. Look for it!

Funding Sources Committee representatives will also be on hand at the Wisconsin Rural Water Association Utility Management Conference, November 12 and 13 in Stevens Point. The Committee is on the Conference agenda on Wednesday, November 12, at 11:00 a.m. See www.wrwa.org/Management_Conference.html for more information.

If you have questions regarding the workshop in Plover, contact Pat Sullivan at 608-266-5742 or sullip@dnr.state.wi.us, or Jerry Wilson at 608-264-8986 and wilsog@dnr.state.wi.us. ☐

EIF Reimbursement Reminders

Linda Miller/Maureen Hubeler

To minimize administrative processing expenses when requesting reimbursement from the Environmental Improvement Fund (EIF), your

municipality's Request for Disbursement for Financial Assistance Programs, Form 8700-215 (R 1/03), should be for at least \$10,000. If this is not feasible, we can disburse a lesser amount.

During the course of a project, it may be necessary for a municipality to procure supplies via direct purchase. Municipalities receiving financial assistance from the EIF are expected to comply with applicable state bidding and contracting requirements regardless of the procurement method. Before the EIF reimburses a municipality for a direct purchase request, the regional DNR Construction Management Engineer (CME) must review and approve the request. We strongly encourage municipalities to submit direct purchase requests to the CME prior to requesting EIF reimbursement. Municipalities should provide the CME with a copy of the vendor's invoice, procurement method used and applicable state bidding and contracting documentation.

The department will withhold payment on all direct purchase requests included on any EIF Request for Disbursement pending CME review and approval.

If you have any questions regarding requests for the disbursement of funds, please contact either Maureen Hubeler at (608) 266-0849 or maureen.hubeler@dnr.state.wi.us or Linda Miller at (608) 267-0801 or linda.miller@dnr.state.wi.us. ☐



Approval of NR 162 Revision Appears Likely

Dave Calhoon

The proposed revision of Chapter NR 162 of the Wisconsin Administrative Code, which contains the rules for administering the Clean Water Fund Program (CWFP), is wending its way through the approval process. The Natural Resources Board gave its final approval of the code package at its June meeting. The code was then sent to the legislature for review. The Assembly Committee on Natural Resources considered the revision at its hearing on August 6 and recommended no changes. The legislature also recommended no changes and approved the code. The likely effective date of the new code is November 1, 2003. We will inform you of the actual effective date through our web site and in a future edition of *Loan Interests*.

The biggest changes in the chapter relate to the Small Loan Program, which is a subprogram of the CWFP. Currently, the Small Loan Program is administered under ch. NR 165. It has been several years since NR 165 was revised, during which time NR 162 was revised a few times. As a result, the two chapters are no longer consistent with each other. We hope to achieve greater consistency between the two sections of the code by repealing ch. NR 165 and incorporating it into ch. NR 162 as subchapter V.

The biggest substantive change in the Small Loan Program is an increase in the dollar limit for eligible projects from \$750,000 to \$1,000,000. Another change that should help municipalities is a revision of the deadline for signing an interest rate subsidy agreement (IRSA). Currently, a municipality must sign an IRSA within six months of application

submittal. This has created timing problems for applicants in certain situations, such as, for example, when there is a protracted state budget debate in the legislature. Under the proposed revision, the deadline would be eight months after application acceptance (the same as for a regular CWFPP loan).

Changes made to the existing subchapters of NR 162 include adding some cost eligibility items that have been program policy but not previously codified and clarifying some of the notice of intent to apply requirements. We hope the revised code, once approved, will enable us to improve our service to Wisconsin municipalities.

If you have any questions about the Small Loan Program, please contact Dave Calhoon at (608) 264-8844 or David.Calhoon@dnr.state.wi.us ☐



Authorized Representative and Bond Counsel Policy Changes

Dan Olson

Environmental Improvement Fund (EIF) staff recently reviewed and modified policies regarding Authorized Representative Resolutions and the use of Bond Counsel for loans. The following policies pertain to all EIF projects.

Authorized Representative

When preparing any EIF form to submit to DNR for your project, be sure to check the instructions regarding the required signature on the form. In some cases, an Authorized Representative Resolution must be passed to designate a specific individual to act as representative for the municipality.

- Any municipal official may sign the Notice of Intent to Apply (ITA) and Priority Evaluation and Ranking Form (PERF). If someone other than a municipal official signs these forms, the municipality's governing body must designate that individual by resolution to act as the authorized representative for the EIF project. The municipality must then submit the Authorized Representative Resolution to the EIF on or before the December 31 ITA and PERF deadline.
- Prior to submitting a Financial Assistance Application, the municipality's governing body must authorize one individual—municipal official or otherwise—by resolution to sign the application and act as the authorized representative for other actions related to the EIF project. The municipality must submit the Authorized Representative Resolution to the EIF along with the application, or on or before the application deadline. Only the Authorized Representative may sign the Financial Assistance Agreement.

If you have questions regarding the Authorized Representative policy, please contact Jeanne Cargill at (608) 267-7587 or jeanne.cargill@dnr.state.wi.us.

Bond Counsel Required for All EIF Loans

Bond Counsel for purposes of this article refers to an attorney that specializes in or is experienced in the issuance and sale of municipal revenue bonds and notes. Historically, the EIF has required that a Bond Counsel prepare the bond or note documents for loans that are over \$1 million, municipalities that have revenue bonds already outstanding, or loans with special financing issues such as private activity, special assessments, group projects or special revenue pledges. The purpose of this policy was to protect the interests of both the municipality and the EIF by:

- ensuring that documents were properly written to accurately reflect the structure of the transaction,
- complying with covenants in previous bond resolutions,

Calendar of Events

October 1, 2003
first application deadline
Land Recycling Loan Program

November 6, 2003
8:30 am, Plover, WI
350 Water Way
Wis. Rural Water Assoc.
Funding Sources Workshop

December 31, 2003
ITA & PERF deadline for CWFPP,
SDWLP, and LRLP

- complying with Wisconsin Statutory and IRS tax requirements for tax-exempt debt issues,
- providing expertise to answer questions as to debt requirements and municipal covenants related to the debt issuance, and
- making the bonds/notes more saleable in the commercial market.

Recently, the EIF completed a survey of estimated Bond Counsel costs for small municipal bond/note transactions that are under \$1 million. The results of this survey indicate that municipalities can obtain Bond Counsel services at a reasonable cost for small revenue bond and general obligation note issues. Accordingly, the EIF is extending the requirement for use of Bond Counsel for preparation of bond/note documents for all EIF loans.

We believe utilizing Bond Counsel will benefit both the municipality and the EIF without imposing an adverse cost impact on the transaction. This policy is consistent with Bond Counsel requirements for other municipal bond programs operating in Wisconsin.

If you have questions regarding the Bond Counsel policy, please contact Ed Brinson at (608) 267-1836 or ed.brinson@doa.state.wi.us, or Bob Ramharter at (608) 266-3915 or robert.ramharter@dnr.state.wi.us. φ

